

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01  
INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06  
SP-02 LAB-04 OMB-01 AGRE-00 ABF-01 STR-07 /072 W  
-----102796 010310Z /73

R 311607Z JAN 78  
FM AMEMBASSY CAIRO  
TO SECSTATE WASHDC 4955

UNCLAS CAIRO 03521

E.O. 11652: N/A  
TAGS: EFIN, ETRD, EG  
SUBJ: GOE TRADE FORECAST FOR 1978

1. PRINCIPAL CAIRO DAILIES JAN 30 ANNOUNCED GOE MINIS-  
TRY OF TRADE/SUPPLY 1978 TRADE FORECASTS. EXPORTS ARE  
EXPECTED TO ATTAIN LEVEL OF LE 884.4 MILLION (SEE COMMENT  
BELOW ON EXCHANGE RATE VALUATION) OF WHICH LE 666.4 MILLION  
WILL REPRESENT SALES TO CONVERTIBLE CURRENCY COUNTRIES AND  
LE 218 MILLION WILL BE UNDER TRADE AGREEMENTS. INDUSTRIAL  
SECTOR EXPORTS ARE ESTIMATED AT LE 262.3 MILLION (LE 134.4  
MILLION EQUIVALENT IN CONVERTIBLE CURRENCY). PETROLEUM  
EXPORTS ARE FORECAST AT LE 412.6 MILLION, 98 PERCENT OF  
WHICH WILL BE IN CONVERTIBLE CURRENCIES. AGRICULTURAL  
EXPORTS ARE ESTIMATED AT LE 199.6 MILLION, LE 128.8  
MILLION TO CONVERTIBLE CURRENCY COUNTRIES. OTHER SECTOR  
EXPORTS ARE EXPECTED TO TOTAL LE 9.9 MILLION.

2. PRESS ARTICLES NOTED THAT IMPORTS OF ALL COMMODITIES  
SHOULD TOTAL LE 2412.5 MILLION RESULTING IN A PROJECTED  
TRADE ACCOUNT DEFICIT OF LE 1528 MILLION. CONVERTIBLE  
CURRENCY DEALINGS ON IMPORT SIDE ARE ESTIMATED AT LE 2139  
MILLION AND PAYMENTS AGREEMENTS TRANSACTIONS ARE EXPECTED  
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TO BE LE 273.5 MILLION. IMPORT ALLOCATIONS BY SECTOR  
ARE AS FOLLOWS: LE 547.6 MILLION FOR FOOD AND BASIC SUPPLY  
COMMODITIES; LE 137.2 MILLION FOR AGRICULTURAL SPARE PARTS,  
EQUIPMENT, FERTILIZERS, AND SEED; LE 400 MILLION FOR  
INDUSTRIAL SECTOR REQUIREMENTS; LE 111.9 MILLION FOR  
SPARE PARTS IN TEXTILE INDUSTRY AND CERTAIN CONSUMER  
TEXTILE ITEMS; LE 97 MILLION FOR CONSTRUCTION MATERIALS;

LE 59 MILLION FOR MILK AND MEDICATIONS; AND LE 11.2 MILLION FOR PAPER AND PRINTING EQUIPMENT. MINTRADE/SUPPLY SOURCE REPORTEDLY ADDED THAT LE 150 MILLION WOULD BE EARMARKED FOR IMPORTS NEEDED FOR IMPLEMENTATION OF 1978 INVESTMENT PLAN.

3. STATISTICS, ACCORDING PRESS ACCOUNTS, WERE PRESENTED TO ECONOMIC GROUP SESSION, CHAIRED BY DEPPRIMIN KAISSOUNI. GROUP REPORTEDLY APPROVED PROPOSED IMPORT PROGRAM AND ALSO REVIEW CUSTOMS PROCEDURES TO COMBAT SMUGGLING.

4. COMMENT: WE HAVE NOT ATTEMPTED TO CONVERT THE ABOVE LE FIGURES TO DOLLARS IN ABSENCE OF CLARIFICATION OF EXCHANGE RATES USED. AS DEPARTMENT AWARE, OFFICIAL RATE OF LE 1 EQUALS \$2.56 IS NORMALLY USED FOR VALUING CERTAIN KEY EXPORTS, NOTABLY PETROLEUM AND COTTON, AS WELL AS IMPORTS OF SUBSIDIZED COMMODITIES --SUGAR, WHEAT, FLOUR, TEA, BEANS, ETC. PARALLEL RATE OF LE 1 EQUALS \$1.43 APPLIES TO ALL OTHER TRANSACTIONS. RECENT IMF REVIEW OF GOE ECONOMY SUGGESTS THAT 60-65 PERCENT OF IMPORTS ARE HANDLED AT PARALLEL RATE. MUCH SMALLER PERCENTAGE OF EXPORTS (ROUGHLY 20 PERCENT), HOWEVER, ARE CALCULATED AT PARALLEL RATE. THUS, CAUTION SHOULD BE USED IN CONVERTING ABOVE FIGURES AS DISTORTIONS MAY RESULT. EILTS  
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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Decaption Note:**  
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**Disposition Approved on Date:**  
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**Disposition Comment:**  
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